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**Before the**  
**Federal Communications Commission**  
**Washington, D.C. 20554**

In the Matter of Category Two  
Services for the E-rate  
Program for Schools and Libraries

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W.C. Docket No. 13-184

**COMMENTS OF THE KENTUCKY DEPARTMENT FOR LIBRARIES AND ARCHIVES**

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**Introduction**

The Kentucky Department for Libraries and Archives (KDLA) thanks the Federal Communications Commission (FCC) for the opportunity to submit comments on E-rate category two services. KDLA strongly supports continued use of five-year pre-discount budgets for these services.

KDLA acknowledges the need for internal connections upgrades and maintenance to strengthen broadband access in Kentucky's public libraries. These libraries support and enhance education, workforce development, and more for users of all ages through public access computing, digital literacy training, library collections, as well as through partnerships with local school systems, Adult Education offices, colleges, universities and other community partners. Students and other public library patrons will greatly benefit from continued E-rate support for category two services that ensure connectivity to devices accessing public library networks.

## Background

KDLA actively supports public library service in 119 library systems covering all 120 counties in the Commonwealth of Kentucky. Together, these public libraries serve the state's population of 4.425 million residents, though they vary widely in their level of funding, staffing, and population served. Kentucky's largest public library system serves an urban population of 763,623 with a budget of \$17.9 million and a staff of 261. The smallest system currently participating in the E-rate program serves a rural population of 7,648 with a budget of \$14,190 and a staff of one<sup>1</sup>.

E-rate participation by Kentucky public libraries has risen dramatically in the past decade. In 2008, only 43 libraries applied for discounts, and none of the four libraries requesting then-Priority 2 funding received commitments. By FY 2016-17, the number of participating libraries had increased by almost 140% to a record-high 103, and these libraries set records for funding committed to Kentucky libraries and the number of libraries requesting Category Two support.<sup>2</sup> While the phasedown of voice service support contributed to a 4.5% decrease in participation for FY 2017-18, overall demand for E-rate is expected to remain steady for the next application cycle based on KDLA staff estimates.<sup>3</sup>

Due in large part to participation in the E-rate program, Kentucky's public libraries are making tremendous gains toward the bandwidth benchmark goals adopted by the FCC and the American Library Association (ALA) – 1 gigabit for libraries serving populations over 50,000 and 100 Mbps for libraries serving populations under 50,000.<sup>4</sup> From E-rate FY 2016-17 to FY 2017-18, the number of gigabit library systems increased from 5 to 15 (a 220% increase), and the number of 100 Mbps library systems increased from 15 to 24 (a 60% increase).<sup>5</sup> With the exception of three libraries receiving free gigabit internet from a generous local telecom, all of Kentucky's gigabit and 100 Mbps public library systems apply for E-rate to receive discounts on internet access. These gains have required many libraries to upgrade internal connections equipment to handle faster speeds.

KDLA's comments on category two services are informed by extensive experience in providing E-rate training and consultation to Kentucky public libraries since 1998. KDLA currently employs one FTE whose primary responsibility is to assist Kentucky libraries in preparing E-rate forms.

## Category Two Budgets and Future Demand

The adoption of category two budgets based on square footage has been a welcome improvement for Kentucky public libraries. In a fall 2017 survey of these libraries, the majority of respondents indicated satisfaction with the amount of category two funding available and the method for calculating the five-year pre-discount budget for eligible branches.<sup>6</sup> Fifty-seven percent indicated they were 'Very Satisfied' with the amount of funding available, 21% indicated 'Somewhat Satisfied', 21% indicated 'Neutral', and no respondents indicated dissatisfaction. Seventy-nine percent agreed that square footage is a good measure of how much funding each library branch needs. Several write-in comments suggested using population served or the library's annual budget in calculating category two budgets, but per capita income is likely an even less consistent indicator of need for E-rate support since not all Kentucky public libraries are funded in the same

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<sup>1</sup> Kentucky Department for Libraries and Archives, Statistical Report for Kentucky Public Libraries: Fiscal Year 2015-2016, available at <https://kdla.ky.gov/librarians/plssd/Documents/KDLA1516.pdf>. Last accessed October 6, 2017.

<sup>2</sup> Education and Workforce Development Cabinet. "Kentucky public libraries break E-rate record with more than \$2 million in funding". May 3, 2017. <http://kentucky.gov/Pages/Activity-stream.aspx?n=EducationCabinet&prId=131>. Last accessed October 6, 2017.

<sup>3</sup> Kentucky Department for Libraries and Archives. "Library Development Branch Monthly Meeting Report". October 3, 2017.

<sup>4</sup> See ¶ 37 of First E-rate Modernization Order available at [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-14-99A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-14-99A1.pdf). Last accessed October 6, 2017.

<sup>5</sup> Kentucky Department for Libraries and Archives. "Technology Support FY 2017 Year-End LSTA Report". October 6, 2017.

<sup>6</sup> Kentucky Department for Libraries and Archives. "E-rate Category Two – Public Library Survey". October 10, 2017.

way. Some libraries are taxing districts, some are units of local government, and some operate through an inter-local agreement, so their income does not necessarily reflect their needs. Kentucky public library funding ranges from \$1.86 per capita to \$112.64 per capita.<sup>7</sup>

Many Kentucky libraries rely on E-rate to make network upgrades. Fifty-six percent of survey respondents indicated that the library would not have been able to afford necessary network upgrades without category two discounts, and several comments referenced the importance of this funding:

*"We are very small with an even smaller budget. E-rate helps us afford basic upgrades."*

*"Every dollar of assistance is greatly appreciated."*

*"Without the infrastructure cost savings because of the category 2 discounts we would have had a difficult time increasing our services to patrons to meet their needs. The cost of infrastructure upgrades is a consistent cost that would have hampered us from taking advantage of faster internet speeds."*

*"We could have afforded the upgrades, though it would have been a major budget hit."*

*"We were able to install much needed wiring, networking equipment, and necessary items to make it all work because of CAT2 funding. Without this funding our library would have had to take money away from other areas which would have hurt our services, or do without upgrades and installation of needed network service. Although we still had to supplement CAT2 funding to completely finish our projects, it certainly was essential to our library."<sup>8</sup>*

Category two funding has already made a positive impact on Kentucky public libraries; since FY 2015-16, they have received more than \$1.172 million in funding commitments.<sup>9</sup> However, these libraries have untapped potential to benefit from category two funding in upcoming application cycles. Two factors may drive future demand:

- **Library construction grants.** In May 2017, KDLA awarded a total of \$20 million in grants over 20 years to support renovation or construction projects at 10 public libraries.<sup>10</sup> The appeals process for this funding delayed the final decision regarding grant recipients for several months, which in turn caused several of the construction grant applicants and recipients to postpone their projects while waiting for the decision. With construction schedules in place, these libraries will be positioned to request a substantial amount of category two funding in the next two application cycles. With additional square footage and adjustments for inflation, the total available pre-discount category two budgets for the construction grant recipients were over \$550,000.
- **BTOP funding.** Another source of grant funding may have lessened initial category two demand from some Kentucky public libraries in the years immediately prior to the E-rate modernization orders. Between 2010 and 2013, KDLA was the prime recipient of a Broadband Technology Opportunities Program (BTOP) Public Computing Center (PCC) grant. While most of the funding contributed to upgrades for computers, servers, and other E-rate ineligible services needed to improve public computing, 44 Kentucky public libraries received about \$184,000 in grant funds for category two-eligible services such as switches, firewalls, and access points. These pieces of

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<sup>7</sup> Kentucky Department for Libraries and Archives, Statistical Report for Kentucky Public Libraries: Fiscal Year 2015-2016, available at <https://kdla.ky.gov/librarians/plssd/Documents/KDLA1516.pdf>. Last accessed October 6, 2017.

<sup>8</sup> Kentucky Department for Libraries and Archives. "E-rate Category Two – Public Library Survey". October 10, 2017.

<sup>9</sup> Total does not include \$32,312.49 in pending requests for FY 2017-18 on Forms 471 #171031020 and #171016590.

<sup>10</sup> Kentucky Education and Workforce Development Cabinet. "Ten public libraries in Kentucky receive 20-year state construction grants totaling \$20 million." May 23, 2017. Available at <http://kentucky.gov/Pages/Activity-stream.aspx?n=EducationCabinet&prId=142>. Last accessed October 5, 2017.

equipment may approach their refresh cycle for FY 2018-2019 or FY 2019-2020 E-rate discounts, driving future demand for this funding.

A change to the competitive bidding schedule for category two services may also encourage more libraries to request this category of E-rate funding. A Kentucky library made an interesting suggestion on KDLA's survey:

*I would like to see category 2 and category 1 on separate application schedules. The majority of the category 2 eligible services are harder to plan for and are often needed without notice for example if battery backups go down or our server dies in the middle of the funding year. It would be best if we could apply for category 2 as the need arises.*<sup>11</sup>

While this survey comment includes a reference to servers that are ineligible for E-rate, the larger point of necessary but unplanned network upgrades is still important. If a piece of equipment unexpectedly fails before its typical refresh cycle, a library may not be able to wait until the earliest possible installation date for the next funding year before purchasing a replacement. KDLA further suggests that creating a rolling application window rather than a second window could benefit libraries requesting category two. The fixed timeframe for competitive bidding, filing the application, and purchase/installation is too restrictive and can create downstream invoicing problems for both vendors and libraries. For additional relevant discussion, please see the next heading on "Local Vendors", *Vendor barrier #3: delays before invoicing* on page 6.

KDLA also surveyed Kentucky public libraries on networking equipment, maintenance, and managed services made without E-rate discounts since 2015. Survey responses indicated that:

- 44% had purchased E-rate-eligible networking equipment;
- 44% had purchase ineligible networking equipment such as servers;
- 32% has purchased repair/maintenance for networking equipment under contract;
- 16% had purchased managed Wi-Fi or other managed internal broadband services; and
- 24% had not made any of these purchases.

KDLA was not able to gather specific examples of these purchases such as make/model information or paid invoices in time to include them with these public comments. However, the survey data from Kentucky public libraries demonstrates clear demand for category two services.

## **Local Vendors**

For Kentucky public libraries, arguably the greatest impediment to receiving category two funding commitments is low E-rate participation among local service providers who sell, install, or maintain eligible internal connections or provide managed internal broadband services. Public libraries have experienced a variety of issues in seeking category two funding with local vendors since FY 2015-16, and improving training and outreach for these vendors presents an excellent opportunity to increase successful category two funding requests. KDLA has identified three barriers that deter local service providers from E-rate participation.

*Vendor barrier #1: filing required forms.* Many of the local vendors with whom public libraries have prior business relationships would be classified as Non-Traditional Providers (NTPs) on the FCC Form 498 used to obtain a Service Provider Identification Number (SPIN). Potential new NTPs face considerable time and frustration in providing E-rate discounts to libraries, which may prove too burdensome given the number of E-rate filers in small and rural counties. Clay

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<sup>11</sup> Kentucky Department for Libraries and Archives. "E-rate Category Two – Public Library Survey". October 10, 2017.

County Public Library's FY 2017-18 category two funding request was denied due to the vendor's not having a SPIN before application review was complete, and the library filed an appeal in September 2017 after the vendor's SPIN was approved.<sup>12</sup> Harlan County Public Library chose not to file an FY 2016-17 Form 471 due to its vendor's refusal to participate in E-rate.<sup>13</sup> As of October 2017, Washington County Public Library has been unable to invoice its FY 2016-17 category two funding because the original application lists an interim SPIN and the vendor has made unsuccessful attempts to obtain a SPIN.<sup>14</sup> Other vendors have obtained a SPIN but have significantly delayed or not filed the Service Provider Annual Certification (SPAC) form for the appropriate funding year, which prevents both applicants and vendors from filing E-rate invoicing forms. Ohio County Public Library has filed a Form 500 to return all of its FY 2016-17 funding due to issues with the SPAC.<sup>15</sup>

In communications with public libraries, vendors seem willing to help due to the importance of these discounts, but this willingness does not always translate to success with the E-rate program. One of the write-in comments on KDLA's recent category two survey explains this situation:

*"It seems like there is a substantial amount of work involved for businesses interested in providing e-rate services. This has been a problem for our area because local vendors are willing but have struggled with filling out the required paperwork to become an e-rate approved vendor. Because of this, our library was unable to receive any category 2 funding because no other vendors were available in our area."*<sup>16</sup>

**Vendor barrier #2: E-rate program information not written for NTPs.** General program information found on the main Schools and Libraries Division website and filing instructions for required forms are inadequate to explain how potential category two vendors can become involved in the E-rate program.<sup>17</sup> For a small, local vendor working with a limited number of schools and libraries requesting E-rate, the program documentation does not make it clear that:

- Vendors providing discounts only for E-rate-eligible category two services should identify themselves as Non-Traditional Providers on Block 20 of the Form 498;
- Non-Traditional Providers do not file the Form 499; and
- The only other form Non-Traditional Providers must file in order for applicants to receive discounts is the Service Provider Annual Certification (SPAC) form.

Additionally, the instructions on the login page for E-File, the system used by service providers to file certain E-rate forms, are difficult to understand for inexperienced filers. When accessing the page for the first time, potential category vendors must know to scroll to the bottom of the page and choose the correct link from five options for new filers.<sup>18</sup> While the

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<sup>12</sup> See Form 471 #171042182 for Clay County Public Library and pending appeal #67559.

<sup>13</sup> Harlan County Public Library made category two requests on Form 470 # 160016945 available at [http://publicdata.usac.org/SL/Prd/Form470/335965/160016945/Original/USAC\\_FCC\\_FORM\\_470\\_APPLICATION\\_160016945\\_CERTIFIED.pdf](http://publicdata.usac.org/SL/Prd/Form470/335965/160016945/Original/USAC_FCC_FORM_470_APPLICATION_160016945_CERTIFIED.pdf). Last accessed October 13, 2017.

<sup>14</sup> See Form 471 #161059982 filed by Washington County Public Library.

<sup>15</sup> See Form 471 # 161061353 and Form 500 #64805 filed by Ohio County Public Library.

<sup>16</sup> Kentucky Department for Libraries and Archives. "E-rate Category Two – Public Library Survey". October 10, 2017.

<sup>17</sup> See "STEP 1 OBTAIN A SPIN (498 ID)" available at <http://www.usac.org/si/service-providers/step01/default.aspx> and "Instructions for Completing the Service Provider and Billed Entity Identification Number and Contact Information Form" available at [http://www.usac.org/res/documents/cont/pdf/forms/2013/FCC\\_498\\_Form-Instructions.pdf](http://www.usac.org/res/documents/cont/pdf/forms/2013/FCC_498_Form-Instructions.pdf). Last accessed October 10, 2017.

<sup>18</sup> E-File login page available at [https://forms.universalservice.org/portal?fromURI=https%3A%2F%2Fusac.okta.com%2Fapp%2Ftemplate\\_wsfd%2Fexk3i88q4NvhTO9Y4296%2Fss0%2Fwsfd%2Fpassive%3Fwa%3Dwsignin1.0%26wtrealm%3Dhttps%253A%252F%252Fforms.universalservice.org%252Fspc%252F%26wctx%3Drm%253D0%2526id%253Dpassive%2526ru%253D%25252Fspc%25252F%26wct%3D2017-10-10T14%253A01%253A49Z](https://forms.universalservice.org/portal?fromURI=https%3A%2F%2Fusac.okta.com%2Fapp%2Ftemplate_wsfd%2Fexk3i88q4NvhTO9Y4296%2Fss0%2Fwsfd%2Fpassive%3Fwa%3Dwsignin1.0%26wtrealm%3Dhttps%253A%252F%252Fforms.universalservice.org%252Fspc%252F%26wctx%3Drm%253D0%2526id%253Dpassive%2526ru%253D%25252Fspc%25252F%26wct%3D2017-10-10T14%253A01%253A49Z). Last accessed October 10, 2017.



steps to start the process of obtaining a SPIN and gaining access to the E-file system may appear obvious to someone with E-rate experience, those steps may not be obvious to new E-rate service providers. The specialized language related to E-rate and the complexity of the process can make E-rate participation seem too difficult to vendors and may discourage them from participating to help a few customers requesting discounts.

*Vendor barrier #3: delays before invoicing:* The lengthy process of competitive bidding and application review can create invoicing problems for both applicants and vendors. These problems can be particularly significant when they involve small and rural libraries that need Service Provider Invoicing (SPI) discounts upfront or that need to file a Billed Entity Applicant Reimbursement (BEAR) form to receive quick refunds via direct deposit soon after paying the full invoice.

Two major category two invoicing issues face libraries and vendors: price changes and product availability. Category two vendors may offer limited guarantees about when quoted pricing will expire. In assisting public libraries, KDLA staff has noted pricing guarantees ranging from 15 days to 1 year depending on the vendor; 30-60 days is typical. Libraries often require far more than 30-60 days to ensure that E-rate funding has been committed prior to placing an order with the vendor. In addition to the minimum 28 days required for library applicants to receive bids in response to the Form 470, one also has to consider:

- The time it takes to evaluate bids and, if required by the library's procurement policy or procedures, to seek approval from the library board to enter into a contract;
- The time it takes to complete and certify the Form 471;
- The time between filing the Form 471 and the earliest possible purchase/installation date (April 1 prior to the funding year) for libraries that have the financial ability to pay for the full invoice upfront; and
- The potentially lengthy application review process for libraries that need to have SPI discounts applied to invoices upfront or that need to wait for a Funding Commitment Decision Letter (FCDL) before filing the Form 486 and BEAR form.

In addition to price changes, some of the equipment approved for E-rate discounts may no longer be available months after the vendor's bid is accepted, such as when a newer model is released. Either price changes or product availability may force libraries to:

- File a new Form 471 if the window is still open or make a Receipt Acknowledgement Letter (RAL) modification on an application still under review;<sup>19</sup>
- Cancel funding requests because the vendor has raised prices (even under a contract that should have guaranteed prices for a longer period);<sup>20</sup>
- File a service substitution form and wait months for a Revised Funding Commitment Decision Letter (RFCDL); or
- Pay the difference when the actual amount invoiced is higher than the eligible pre-discount cost listed on the Form 471.

Application review has continued well after the funding year has started since E-rate modernization went into effect and the E-rate Productivity Center portal was instituted. For FY 2016-17, the average Kentucky library requesting category two support received its category two FCDL in funding wave 16 (October 10, 2016).<sup>21</sup> Excluding two applications still

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<sup>19</sup> See FRN 1799031298 on Form 471 #171016347 for contract modification made by Trimble County Public Library

<sup>20</sup> See FRN 1699057430 on Form 471 #161028318. Fleming County Public Library returned this funding on the Form 500 #35492 because the vendor raised the price that should have been guaranteed under contract. RFCDL issued 9/13/2017.

<sup>21</sup> Average excludes FY 2016-17 category two funding for Rowan County Public Library, which was granted on appeal in RFCDL wave 16.

under review, the average Kentucky library received its FY 2017-18 category two FCDL in wave 11 (August 11, 2017). These delays may affect willingness to participate in E-rate. One Kentucky service provider that worked with six schools and libraries requesting category two discounts in FY 2016-17 and FY 2017-18 declined to participate in E-rate the following funding year due to the lengthy duration of the E-rate process.<sup>22</sup>

*Suggested changes.* Small improvements can lower barriers that impede local category two vendors. These vendors could benefit from training and documentation targeted to Non-Traditional Providers rather than telecommunications providers. For example, a single webpage, brochure, or short video could explain the minimal requirements to participate in E-rate as a Non-Traditional Provider. Libraries could direct vendors to this resource on RFP documents, which could encourage more local companies to obtain SPINs before submitting bids. The login page for the E-File system could also be redesigned to make options for new filers easier to see and understand. As noted in a 2017 KDLA survey comment, “Making this process easier on the vendors would make the process easier on the libraries as well.”<sup>23</sup> More suggestions relating to the application process and invoicing will appear in later headings.

### **Application Review and Post-Commitment Changes**

While the demand for increasing specificity on E-rate applications has proved challenging, Kentucky public libraries have adapted to the process of filing the Form 471 for category two products and services. As mentioned in the previous heading, application review proceeded more quickly between FY 2016-17 and FY 2017-18, and fewer libraries have required KDLA’s assistance in addressing Program Integrity Assurance (PIA) inquiries related to category two. However, updates to line items made through RAL modifications, PIA inquiries, or post-commitment forms have continued to create frustration and delays for some category two filers.

*Receipt Acknowledgement Letter (RAL) Modifications.* The process of submitting RAL modifications in the E-rate Productivity Center (EPC) is very complicated, even for experienced filers. The majority of RAL modifications submitted by Kentucky libraries have been made with KDLA’s assistance; screen sharing is the only viable option for assisting these libraries due to the counterintuitive location of the ‘Submit Modification Request (RAL)’ link and the complex logic built into the form to make the desired change to the correct section. Once changes are confirmed during PIA review, libraries and vendors still face challenges in viewing and printing documented changes for later reference. In this instance, the legacy Form 471 used for FY 2015-16 category two applications provided a distinct advantage over the newer E-rate Productivity Center portal.

The FY 2015-16 Form 471 allows users to view the application as originally filed (Original Form Data) or as it appears with approved changes to the form (Current Form Data). The Current Form Data view highlights changes in yellow, which makes it simple to identify the differences between the original and current form, even for someone who was not involved in the application review process. While the FY 2015-16 Form 471 does not create a printer-friendly view of the form, the process of viewing the changes is far simpler than what is required for FY 2016-17 applications and forward.

The E-rate Productivity Center challenges some users even in trying to print the original version of the Form 471; from KDLA’s recent survey:

*“We have to re-learn the portal every year, and it is still not user friendly. There should be quick link buttons to access and print forms, instead of having to go 4-7 links deep to access a print job...”<sup>24</sup>*

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<sup>22</sup> KDLA staff conversation with SDGblue, LLC (SPIN: 143048044) in February 2017.

<sup>23</sup> Kentucky Department for Libraries. “E-rate Category Two – Public Library Survey”. October 10, 2017.

<sup>24</sup> Ibid.

EPC also obscures the current version of certified Forms 471 to all but the most experienced applicants because it provides no option to generate new copies that reflect changes made during application review or through post-commitment forms. After reaching the Summary page of the Form 471—a relatively less complicated process for which libraries still often request assistance—the library must drill down through the links for Funding Requests, individual Funding Request Numbers (FRNs), and FRN Line Items to see the currently-approved category two services and eligible costs. The changes to the form may not be readily apparent without reviewing submitted PIA responses and individual forms for service substitutions, SPIN changes, and Form 500 modifications.

The considerable difficulty associated with accessing current Form 471 data and the long delays in making post-commitment changes have negatively affected both libraries and vendors. Some examples:

- Casey County Public Library – During PIA review for Form 471 #161021798, the library and its vendor worked with the reviewer to correct some line item details involving internal connections. For unknown reasons, however, the reviewer did not make the corrections submitted during PIA. The library was delayed months in filing its BEAR form and receiving its refund because it had to file a service substitution for a line item that should have been updated during PIA.<sup>25</sup> The library received its original funding commitment in wave 23 on 11/28/2016, and the service substitution was approved on 4/5/2017.
- Spencer County Public Library – During PIA for Form 471 #161059397, the reviewer correctly modified the eligible pre-discount cost of FRN 1699137842 line item 4 to remove ineligible charges for a firewall bundle. Based on the original Form 471 data, the vendor applied the library's 70% category two discount to the full invoice, which resulted in the library paying less than its true non-discount share for the firewall bundle. At the time these comments were submitted, the library and vendor were still working to resolve the invoicing mistakes with the assistance of KDLA staff.
- Paris-Bourbon County Public Library – The library received the full funding commitment requested for FRN 1699073323 on Form 471 # 161034899 in wave 7 on 8/6/2016. The reviewer mistakenly approved funding for an ineligible firewall license on line item 4. Having received its FCDL somewhat early in the FY 2016-17 application review process, the library proceeded in making purchases on the assumption that it would receive an E-rate refund of just over \$2,600 for that license. The library did not learn of the reviewer's error until BEAR invoice review where the costs relating to the firewall license were rejected. As would be the case for most Kentucky libraries, this unexpected expense necessitated adjustments to the library's technology budget. A similar situation occurred with Marshall County Public Library on FRN 1699134913 from Form 471 #161057991.
- Louisville Free Public Library and Jessamine County Public Library – Both libraries are delayed in seeking category two refunds due to a vendor's merger that occurred in the midst of the FY 2016-17 competitive bidding and application windows. Both libraries are waiting for approval for corrective SPIN changes to update their funding requests to show Data Strategy (143034987) rather than Boice Enterprises, LLC (143030244). During the long wait for RFCDLs, Louisville Free Public Library is unable to invoice almost \$29,000 for FRN 1699067008 on Form 471 #161032293, and Jessamine County Public Library is waiting to invoice over \$18,000 for FRN 1699135440 on Form 471 #161058098.

Technical issues have plagued the E-rate Productivity Center modules used for submitting and reviewing various post-commitment changes. One KDLA survey respondent noted:

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<sup>25</sup> See service substitution #32541.



*“When I had to make a change in equipment make and model it took almost a year to resolve the issue and I had to fill out forms several times.”<sup>26</sup>*

Once an applicant has access to file for changes for the relevant funding year, USAC may not be able to move forward with processing and approving the form.<sup>27</sup> Such delays are troublesome considering that a service substitution for even one piece of equipment can hold up invoicing for thousands of dollars on a single funding request.

KDLA urges the FCC to investigate and promote improvements to the E-rate Productivity Center that will allow easy access to a printable view of current form data and that will allow faster deployment of post-commitment modules. Delays that affect category two invoicing create expensive burdens for public libraries to shoulder while waiting for resolution.

## **Invoicing**

Kentucky public libraries are largely satisfied with filing their invoicing through the legacy Billed Entity Applicant Reimbursement (BEAR) form, more formally called the FCC Form 472. In KDLA’s fall 2017 survey, respondents rated their satisfaction with the form as follows:

- Very Satisfied – 39%
- Somewhat Satisfied – 39%
- Neutral – 11%
- Somewhat Dissatisfied – 11%
- Very Dissatisfied – 0%<sup>28</sup>

However, based on survey comments and KDLA staff’s observations from assisting public libraries, there are still ways to improve the BEAR form and other aspects of the invoicing process.

*BEAR Online login.* One of the most common sources of confusion for public libraries attempting to file category two invoicing is the location of the BEAR Online portal for filing these forms. Several write-in comments suggested that the BEAR form should be accessible through the E-rate Productivity Center used for other forms; libraries often contact KDLA for assistance with navigating to the legacy BEAR Online login page. KDLA suggests that a direct link to the BEAR Online login page be added to the cluster of links near the top right of My Landing Page in EPC. While EPC currently includes a link to the main USAC Schools and Libraries Division website, few Kentucky public library staff have located the BEAR Online link from this main webpage without assistance from KDLA staff. Due to the ongoing problems with various EPC modules, KDLA strongly discourages a replacement to the legacy BEAR Online at this time. The consequences of a broken invoicing system for applicants are too severe to risk this change.

*PINs via email.* KDLA also suggests a permanent change to the method for delivering new or regenerated PINs for the BEAR Online. In 2017, weeks-long delays in obtaining login information is unnecessary and unacceptable. USAC has proved that sending PINs via email is within the technical capabilities of its systems; several Kentucky public library staff received new BEAR PINs via email in the weeks prior to the normal FY 2015-16 invoicing deadline for recurring services in

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<sup>26</sup> Kentucky Department for Libraries. “E-rate Category Two – Public Library Survey”. October 10, 2017.

<sup>27</sup> See “Updates on USAC’s E-Rate Productivity Center and Legacy System” from E-rate Central News for the Week, September 18, 2017 available at <http://e-ratecentral.com/archive/News/News2017/weekly-news-2017-0918.asp#b2>. Last accessed October 12, 2017.

<sup>28</sup> Ibid. Responses for libraries that use only Service Provider invoicing (SPI) invoicing mode have been removed.

fall 2016. At that time, staff from Kentucky public libraries and from KDLA expressed thanks to USAC staff for their efforts to expedite PINs so that invoicing could be completed or extensions could be requested by the deadline.

At some point after the peak invoicing period for FY 2015-16, the method of delivering PINs reverted to the previous method—secure mailers sent by regular US mail. Since summer 2017, Kentucky public library staff have waited three weeks or longer to receive new PINs, and in one instance, a new filer waited additional weeks when the first PIN issued was non-functioning.<sup>29</sup> Taken by itself, the wait time for BEAR PINs is a relatively minor inconvenience, but in combination with various other invoicing delays described in these comments, it contributes to the overall impression that E-rate requires a significant if not excessive amount of time and effort in order to receive discounts to which public libraries are entitled. Changing to PIN delivery via email year-round is a small, feasible step the E-rate program can undertake to improve invoicing for all applicants.

*Banking validation for direct deposit.* Switching to refunds via direct deposit for applicants that file BEAR forms has been appreciated by Kentucky public libraries. From the KDLA survey:

*I really like the fact the checks don't go to the vendor they come directly to us. We had problems with the vendor passing the money on to us in the past.<sup>30</sup>*

The process for approving a library's direct deposit information can still be greatly improved in one respect. While the version of the Form 498 that applicants file in the E-rate Productivity Center has been used successfully on the first attempt by most Kentucky public libraries, the next step—uploading a scan of a voided check or bank statement for banking validation—has tripped up a number of applicants. Currently, the banking validation page, though externally available without a login, is part of the E-File system used by service providers.<sup>31</sup> The location of the banking validation page presents some drawbacks but may have some simple solutions:

- Form 498 filers in EPC do not immediately see the link to the banking validation page; they know to open this page outside of EPC only if they are referring to training materials for the Form 498 or if they receive a reminder email from USAC days after certifying the form. Ideally, applicants would see a prominent notice and link to this page when the Form 498 certification confirmation appears. This would prompt users to complete the upload right away when the need for banking validation is fresh on their minds. Another option would be to generate a task in EPC to direct users to this page each time a new Form 498 is certified or a previous Form 498 is modified and re-certified.
- After uploading the scan of a voided check or bank statement and hitting the Send button, applicants naturally click on the Exit button that appears on the page; the Exit button takes them to the login page for E-File, a portal they do not have credentials for and do not need to access. Seeing this page is confusing to some public library staff given the similarity of the names for the service provider portal and the general E-rate Productivity Center portal used by both applicants and service providers. This confusion can be avoided by updating the layout of the page to remove the reference to E-File in the header and by eliminating the Exit button.

Overall, filing BEAR forms and receiving refunds via direct deposit is a process that works well for Kentucky public libraries. KDLA encourages navigational changes that make the required forms and pages easier to locate.

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<sup>29</sup> See EPC customer service cases #187966 and #193898 for Maysville-Mason County Public Library.

<sup>30</sup> Kentucky Department for Libraries. "E-rate Category Two – Public Library Survey". October 10, 2017.

<sup>31</sup> See E-file page used for banking validation available at

<https://efile.universalservice.org/ContributorManagement/V1/BankValidation>. Last accessed October 12, 2017.

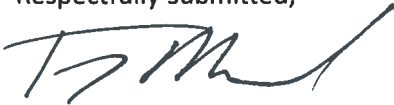
## Conclusion

In summary, the Kentucky Department for Libraries and Archives:

- Advocates for continued availability of pre-discount category two budgets based on square footage;
- Expresses interest in a separate and/or rolling application cycle for category two requests;
- Strongly encourages improvements to education and outreach for local vendors involved in category two;
- Supports updates to the E-rate Productivity Center that
  - Make approved changes on the Form 471 clearer for applicants and vendors;
  - Reduce delays in submitting and approving post-commitment changes; and
  - Improve navigation to the legacy BEAR Online and the Form 498 banking validation page;
- Requests a permanent change to email delivery for BEAR PINs; and
- Recognizes the importance of category two funding in helping Kentucky public libraries achieve bandwidth benchmarks promoted by the FCC and ALA.

The Kentucky Department for Libraries and Archives fully supports the FCC's efforts to analyze the sufficiency of category two budgets and improve the application process for category two funding.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Manuel', with a long horizontal stroke extending to the right.

Terry Manuel  
State Librarian and Commissioner  
Kentucky Department for Libraries and Archives